United Nations A/67/573

General Assembly

Distr.: General
15 November 2012

Original: English

Sixty-seventh session
Agenda items 130, 135, 137 and 146

Programme budget for the biennium 2012-2013

Human resources management

United Nations common system

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for the year 2012

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement submitted by the Secretary-General (A/C.5/67/3), in accordance with rule 153 of the rules of procedure of the General Assembly, on the administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2012 (A/67/30). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General and of the Commission, who provided additional information and clarification.

II. Conditions of service applicable to both categories of staff: education grant

2. Paragraphs 2 to 4 of the statement of the Secretary-General indicate that following a review of the level of the education grant, the International Civil Service Commission decided to recommend to the General Assembly that:

(a) For Austria, Belgium, Denmark, France, Germany, Italy, the Netherlands, Spain, Switzerland, the United Kingdom of Great Britain and Northern Ireland, the

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United States of America and the United States dollar area outside the United States, the maximum admissible expenses and the maximum education grant be adjusted as reflected in table 1 of annex III to the report of the Commission;

(b) For Ireland, Japan and Sweden, the maximum admissible expenses and the maximum education grant remain at current levels as shown in table 1 of annex III to the report of the Commission;

(c) For Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Japan, the Netherlands, Spain, Sweden, the United Kingdom, the United States and the United States dollar area outside the United States, the normal flat rates for boarding, taken into account within the maximum admissible educational expenses, and the additional amount for reimbursement of boarding costs over and above the maximum grant payable to staff members serving at designated duty stations be revised as shown in table 2 of annex III to the report of the Commission;

(d) For Switzerland, the normal flat rate for boarding and additional flat rate for designated duty stations be maintained at the current level as shown in annex III to the report of the Commission;

(e) The special measures for China, Hungary, Indonesia and the Russian Federation, as well as for the eight specific schools in France (namely, American School of Paris, British School of Paris, International School of Paris, American University of Paris, Marymount International School of Paris, European Management School of Lyon, École Active Bilingue Victor Hugo and École Active Bilingue Jeanine Manuel), be maintained;

(f) The special measures for Romania be discontinued;

(g) Special measures be introduced in Thailand and for the American Cooperative School in Tunis, and the American International School of Johannesburg, South Africa;

(h) All above-mentioned adjustments and measures be applicable as from the school year in progress on 1 January 2013.

3. The Secretary-General states that the financial implications arising from the review of the education grant levels amount to $1.9 million per annum for the United Nations system organizations. The financial implications of the decision of the International Civil Service Commission for the programme budget of the United Nations for the biennium 2012-2013 have been estimated at $219,400. The financial implications of the Commission's decision for peacekeeping operations have been estimated at $78,800 for the financial period from 1 July 2012 to 30 June 2013 and at $157,600 for the financial period from 1 July 2013 to 30 June 2014 (see A/C.5/67/3, paras. 5-7). **The Advisory Committee has no objection to the Secretary-General's approach.**

III. Conditions of service of staff in the Professional and higher categories

Base/floor salary scale

4. The statement of the Secretary-General explains that despite the comparator civil service's pay freeze in effect for 2011 and 2012, tax-related changes in the

federal and Maryland tax schedules in 2012 resulted in an increase of 0.12 per cent, in net terms, in the reference comparator pay level as compared with the 2011 level. Therefore, an upward adjustment of 0.12 per cent in the common salary scale for staff in the Professional and higher categories is being recommended by the International Civil Service Commission with effect from 1 January 2013. The increase in the base/floor salary scale would be implemented by increasing base salaries by 0.12 per cent through the standard method of consolidating 0.12 per cent of the post adjustment into the base/floor salary scale on a no-loss/no-gain basis (see A/C.5/67/3, para. 9).

5. According to the Secretary-General, the annual financial implications arising from the recommendation of the International Civil Service Commission for the United Nations and other participating organizations of the common system would amount to approximately $60,000. The Advisory Committee notes that there are no financial implications for duty stations with a low post adjustment that would otherwise fall below the level of the new base/floor and might not be able to absorb a base salary increase, and that the amount of $60,000 is in respect of the scale of separation payments (see A/C.5/67/3, para. 10). Paragraphs 12 and 13 of the statement provide that the related financial implications for the programme budget of the United Nations for the biennium 2012-2013 have been estimated at $7,700, while the financial implications for peacekeeping operations have been estimated at $7,200 for the financial period 1 July 2012 to 30 June 2013 and at $14,400 for the financial period from 1 July 2013 to 30 June 2014 (see A/C.5/67/3, paras. 12-13). **The Advisory Committee has no objection to the Secretary-General's approach.**

Overview of mobility policies within organizations of the United Nations common system

6. According to paragraph 169 of its report (A/67/30), with respect to mobility policies within organizations of the United Nations common system, the International Civil Service Commission decided to:

(a) Take note of the information provided by its secretariat on mobility policies and practices in the organizations of the United Nations common system as presented in annex VIII;

(b) Underscore that staff mobility, mandatory and/or voluntary, is an integral element of an effective international civil service;

(c) Urge organizations of the common system to develop a formal mobility policy, through consultations with their staff and governing bodies where applicable, and communicate it to all staff in order to facilitate the execution of the organizations' mandates and support the career aspirations of staff;

(d) Encourage organizations to include in their mobility policy a framework for managing all aspects of staff mobility in accordance with the functional needs of the organization and the principles of fairness, equity, consistency and adequacy of the support given to staff. Mobility requirements should be balanced between the needs of the organization and the career aspirations of the staff and at the same time take into consideration any exceptional special needs of staff and their families;

(e) Highlight the importance of linking staff mobility to career development plans, strategic workforce planning and succession planning;

(f) Provide a definition for the terms related to mobility as set out in annex IX and use a set of indicators to measure and describe the status of mobility in the organizations of the United Nations common system in order to facilitate communication and to aid data collection for future studies;

(g) Urge organizations to make informed decisions on the required level of geographical mobility based on a cost analysis of proposed staff mobility programmes and the identification and assessment of the expected ben fits of such programmes;

(h) Request its secretariat to: continue its work on mobility; prepare a comparative study of best practices in the United Nations common system and in other similar organizations; develop a list of the barriers to mobility; and conduct a review of the status of inter-agency mobility among United Nations common system organizations and report on its findings at its seventy-seventh session.

The Committee encourages the Secretary-General to take these decisions into account as he continues to work on the mobility framework (see A/67/324/Add.1 and A/67/545).

Evolution of the United Nations/United States net remuneration margin

7. In paragraph 121 of its report (A/67/30), the International Civil Service Commission noted that a post adjustment multiplier of 68.0 would become due in New York on 1 August 2012, in accordance with the approved methodology. It decided to defer the promulgation of the revised New York post adjustment multiplier in view of the financial situation of the United Nations as described by the Secretary-General, and also decided that, unless the General Assembly acted otherwise, the multiplier would be promulgated on 1 January 2013 with a retroactive effect as of 1 August 2012. Upon enquiry, the Advisory Committee was informed that paragraph 121 (c) of the Commission report reflects a decision taken by the Commission, rather than a recommendation to the General Assembly, in accordance with the authority granted to the Commission under article 11 (c) of its statute.

8. Upon enquiry, the Advisory Committee was informed that the projected requirement for recosting in relation to post adjustment in New York for the 2012-2013 biennium was $32 million, which was deferred. It was based on the projection of 67.1 (average) for 2012 and 70.1 (average) for 2013. If the New York post multiplier of 68.0 is implemented in August 2012, the post adjustment multiplier averages for New York will be 66.5 for 2012 and 68.8 for 2013 (with consolidation of points), reflecting the International Civil Service Commission's projection of 70.2 effective August 2013. Under that scenario, the estimated savings related to post adjustments in New York for the biennium would be $2.3 million, as compared to the deferred amount of $32 million.

9. Upon enquiry as to the financial situation of the United Nations as described by the Secretary-General, the Advisory Committee was informed that as at September 2012, there was no financial crisis in the United Nations in terms of a current cash deficit, and therefore the United Nations Secretariat did not consult the intergovernmental bodies.

10. The Advisory Committee was informed, upon enquiry, that the Secretary-General supports the statement made by the Co-Chair of the Human Resources Network of the United Nations System Chief Executives Board for Coordination, as

reflected in paragraph 9 of the report of the International Civil Service Commission. Paragraph 9 states that:

> Representatives of the Human Resources Network of CEB stressed that organizations of the United Nations common system fully recognized and appreciated the severity of the present economic situation, which was affecting Member States, organizations and staff alike, in both professional and personal contexts. In this regard, they outlined specific austerity measures that various organizations had taken and continued to take in order to manage with limited resources, to cut costs and to streamline organizational activities. The Network also pointed out that at the same time that Member States were demanding that organizations be transformational and deliver on results, the Commission had in fact been taking conservative and pragmatic decisions in adjusting allowances and benefits. While they recognized the need to respond to the financial pressures being experienced by Member States, they strongly believed that the technical soundness and integrity of the methodology developed by the Commission for calculating and adjusting salaries of United Nations system staff must be respected, adding that the reactive introduction of ad hoc solutions could result in long-term consequences that would jeopardize the competitiveness of the United Nations and the operational effectiveness of its organizations and their ability to deliver on their mandates.

11. Upon enquiry as to the total cost of the projected pay increase across all organizations of the common system in 2012 and 2013, the Advisory Committee was informed that, assuming the post adjustment multiplier of 68.0 for New York remains constant from August 2012 to December 2013, the total projected pay increase (in both salaries and pension contributions) from August 2012 to December 2013 would amount to $31.6 million for the entire United Nations common system of 32,091 staff members, of which $15.2 million would be for the Secretariat (comprising 11,308 staff members) and $16.4 million for all other organizations of the United Nations common system (comprising 20,783 staff members).

IV. Conditions of service in the field: danger pay

12. According to the Secretary-General, following its decision to discontinue hazard pay and introduce danger pay at its seventy-third session in July 2011, the International Civil Service Commission had introduced as an interim measure the establishment of the level of danger pay at the rate of 25 per cent of the net midpoint of the applicable local General Service salary scale, with adjustments to be made as the salary scales were revised, that is, to maintain the same amount and adjustment procedures as for the earlier hazard pay (see also paras. 14-18 below). Considering the higher level of danger pay ($1,600 per month) for international staff compared to that of hazard pay ($1,365 per month), the Commission decided to increase the level of danger pay for locally recruited staff from the current rate of 25 per cent to 30 per cent of the applicable 2012 General Service salary scales, and to subsequently delink danger pay from the applicable General Service salary scales and reviewing the then fixed rates every three years at the same time as the rates for international staff are reviewed (see A/C.5/67/3, paras. 14-16).

13. The Secretary-General indicated in his statement that the financial impact of the decision of the International Civil Service Commission has been estimated by

the Commission at $9.9 million per annum system-wide, assuming that the number of local staff receiving danger pay remains the same. The financial implications of the decision for the programme budget of the United Nations for the biennium 2012-2013 have been estimated at $2.1 million. The financial implications of the decision for the budgets of peacekeeping operations for the period 1 July 2012 to 30 June 2013 and for the period 1 July 2013 to 30 June 2014 have been estimated at $2.3 million and $4.7 million, respectively (see A/C.5/67/3, paras. 16-18). **The Advisory Committee has no objection to the Secretary-General's approach.**

V. Estimated annual financial implications of the replacement of hazard pay with danger pay

14. The Advisory Committee recalls that in its report A/66/7/Add.26, it requested that at the time of its consideration of this matter, the Secretary-General provide information to the General Assembly, including on the following elements: (a) the total expenditures for hazard pay in 2011; (b) the estimated total annual requirements for danger pay; (c) the number and category of staff having received hazard pay and the total amount of hazard pay paid by duty station during the month of March 2012; (d) the number and category of staff having received danger pay and the total amount of danger pay paid by duty station during the month of April 2012; (e) the estimated number of staff by category and duty station eligible for a four-week rest and recuperation cycle under the current rest and recuperation frameworks; and (f) the estimated number of staff by category and duty station eligible for a six-week rest and recuperation cycle under the current rest and recuperation frameworks. The Committee further considered that a full explanation should be provided to the General Assembly on the underlying causes for divergence between the anticipated and actual number of danger pay duty stations, as well as information on the application of the aforementioned criteria approved by the General Assembly in its resolution 66/235.

15. Section V of the statement of the Secretary-General responds to the requests of the Advisory Committee. With respect to the total expenditures for hazard pay in 2011, paragraph 20 of the statement indicates that the total expenditure related to hazard pay for 2011 reported by the organizations that responded (the United Nations, United Nations Development Programme, International Civil Aviation Organization, Office of the United Nations High Commissioner for Refugees, United Nations Children's Fund, United Nations Industrial Development Organization, United Nations Office for Project Services, World Food Programme and World Health Organization) was $111,295,523, while expenditure in respect of hazard pay during 2011 for the United Nations amounted to $82,844,100, equivalent to average monthly expenditures during 2011 of $6,903,700.

16. According to the Secretary-General, the estimated total annual requirements for danger pay amount to $74,230,900, which is $8,613,200 lower than the expenditure in respect to hazard pay during 2011. It is also stated that the estimate is based on limited empirical data, given that danger pay has only been in effect since 1 April 2012, and that historical or prevailing security situations cannot necessarily be used as a proxy for future circumstances (see A/C.5/67/3, paras. 29-30). Upon enquiry as to the difference between the projected annual savings of $15.9 million in 2011 and the current estimate of $8,613,200, the Advisory Committee was informed

that the projection of $15.9 million was calculated in June 2011 based on the assumption that the number of countries/duty stations eligible for danger pay would be significantly reduced from those eligible for hazard pay — 7 as opposed to 17 — and that the number of staff eligible for danger pay could be 30 per cent to 40 per cent lower than the number receiving hazard pay. The Committee was additionally informed that the International Civil Service Commission subsequently promulgated the danger pay locations effective 1 April 2012, which included locations in 12 countries, based on an assessment of the security situations and recommendation by the Department of Safety and Security. It was also explained that other variables such as the size of a country in terms of number of duty stations, size of duty station in terms of number of staff present, and period of eligibility for danger pay which is reviewed every three months, have a significant impact on costs. It was further stated that security situations fluctuate, and new conflicts and dangerous situations had emerged in the recent period, such as in the Syrian Arab Republic, Yemen and South Sudan following statehood in July 2011.

17. Annex II to the statement of the Secretary-General sets out the number of international and national staff in receipt of hazard pay, and the total amount of hazard pay paid by duty station, as at 31 March 2012. It also details the number of international and national staff in receipt of danger pay, and the total amount of danger pay paid by duty station, as at 31 April 2012.

18. Annex IV of the statement of the Secretary-General provides information on the number of international staff in field mission duty stations with a four-week rest and recuperation cycle, which amounts to 303 staff members. Annex V to the statement of the Secretary-General presents information on the number of international staff in field mission duty stations with a six-week rest and recuperation cycle, totalling 2,273 staff members.

VI. Conclusion

19. The Secretary-General has summarized, in paragraph 33 of his statement, the financial implications arising from the decisions and recommendations of the International Civil Service Commission. Additional net requirements for the programme budget of the United Nations for the biennium 2012-2013 are estimated at $2,340,300, and for the proposed programme budget of the biennium 2014-2015 at $4,680,600. Additional net requirements for the budgets of peacekeeping operations for the financial periods 2012/13 and 2013/14 are estimated at $2,423,400 and $4,846,700, respectively. Should the General Assembly approve the decisions and recommendations of the Commission, requirements for the biennium 2012-2013 for the United Nations will be addressed in the context of the performance report for that biennium, and requirements for the biennium 2014-2015 will be considered in the context of the proposed programme budget for that biennium. Requirements for the budgets for peacekeeping operations will be reported in the related performance reports for the financial period from 1 July 2012 to 30 June 2013, and will be taken into account in the context of the proposed budgets for the financial period from 1 July 2013 to 30 June 2014. **As indicated above in paragraphs 3, 5 and 13, the Advisory Committee has no objection to the Secretary-General's approach.**